

**FNDB020 Accounting**

**Group Assignment**

Submission Due

**Week 10 SUNDAY 20 May at 6.30pm**

## GROUP ASSESSEMENT COVER SHEET



|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Unit Code: | | **FNDB020** | | Unit Name: | | **Accounting** | |
| STUDENT ID | | STUDENT NAMES | | | | | Grade |
| 1. |  | 1. |  | | | |  |
| 2. |  | 2. |  | | | |  |
| 3. |  | 3. |  | | | |  |
| 4. |  | 4. |  | | | |  |
| Assignment Title | | ACCOUNTING GROUP ASSIGNMENT | | | | | |
| Lecturer/ Tutor’s Name | |  | | | Group # |  | |
| Due Date | | **To be handed in to your Lecturer in Week 10 (during tutorials)** | | | | | |

## Submission Rules

1. Each group should submit one Word file for Questions 1 and 2 and one Excel file for Question 3
2. The file name of each file should be the Deakin College Id of one member of the group
3. The files must be submitted through Turnitin portal in Week 10 on Moodle
4. The files must be submitted by 4.30 pm Friday 18 May (last day of Week10)
5. Late submission will incur a penalty of 1 mark for each day it is late

## Marking Guide

|  |  |
| --- | --- |
| Section | Marks |
| **Question 1**: Ethics (short answers only) | /10 |
| **Question 2:** Decision making (analysing accounting numbers) | /10 |
| **Question 3:** Challenge Question completing the accounting cycle to including preparing the financial statements using your own excel electronic accounting system. | /40 |
| Total Marks | /60 |
| This will form 15% of your individual assessment (60 divided by 4) | /15 |

**FNDB020 GROUP ASSIGNMENT DECLARATION**

Please attach this declaration immediately following the assignment cover sheet for the FNDB020 GROUP ASSIGNMENT.

REMEMBER ONLY ONE MEMBER PER GROUP SHOULD SUBMIT THE ASSIGNMENT THROUGH TURNITIN.

Name of the Member submitting the assignment through Turnitin:

Name*:*  Student ID:

Signature: Date:

Member 1: Name: Student ID

Describe your contribution to the assignment.

Signature:\_ Date:\_

Member 2: Name: Student ID

Describe your contribution to the assignment

Signature:\_ Date:

Member 3:Name: Student ID

Describe your contribution to the assignment

Signature:\_ Date:

Member 4: (if applicable) Name: Student ID:\_

Describe your contribution to the assignment

Signature:\_ Date:

## Use Word to answer Q1 and Q2

## Question 1 Focus on Ethics

The board of directors of Frenza Trading Ltd is meeting to discuss the past year’s results before releasing financial statements to the public. The discussion includes the following exchange.

Matt Zhou, president: “This year has **not** been good! Income (Revenue) is down and expenses are way high. If we are not careful, we will report a loss for the third year in a row. I can temporarily transfer some land that I own into the firm’s name and that will improve our Balance Sheet. Fred, can you reduce $50 000 in expenses? That will improve our profit figure and then we can probably get the bank loan that we need. We only need to do this for this year. Once we have got the loan, we can get back to normal operations.”

Fred Jones, chief accountant: “Mr Zhou, you are asking too much. The International Accounting Standards are designed to keep this sort of thing from happening.”

***Required:***

1. What is meant by ethics?
2. Identify who the **stakeholders** are in this situation.
3. Outline the **ethical issues involved**.
4. Discuss what you would do if you were Fred Jones 2 + 2 + 2 + 4

## Question 2 Decision Case: Analysing accounting numbers

Jackson and Amy saved all their married life to open a bed and breakfast (B&B) named Lorne Getaway. They invested $150,000 of their own money. The business then received a $125,000 bank loan to make up the $275 000 needed to get the business started. The business bought a run-down old colonial home in Lorne for $90 000. It cost another $60 000 to renovate. They purchased the furniture from Op shops; the total cost was $25 000. Kitchen equipment cost $15 000 and a computer cost $3 000 (to help them keep accounting records).

Prior to their grand opening, the Bendigo Bank manager in Lorne requested a report on their activities to date. Lorne Getaway’s bank account statement shows a **cash balance of $107 000**. Jackson and Amy believe that the $82,000 represents profit for the period and they feel pretty good about the results of their business. To better understand how well they are doing, they prepared the following Income Statement for presentation to the Bank Manager.

|  |  |  |  |
| --- | --- | --- | --- |
| Lorne Hideaway  Income Statement for the year ended 30 June 2018 |  |  |  |
| INCOME  Investment by owners Jackson and Amy |  |  | $150 000 |
| Bank loan( from Bendigo Bank)  Total Income (revenue) |  |  | 125 000 |
|  | 275 000 |
| EXPENSES  Cost of the house |  |  | $90 000 |
| Renovation to the house |  |  | 60 000 |
| Furniture purchased |  |  | 25 000 |
| Kitchen equipment expense |  |  | 15 000 |
| Computer expense |  |  | 3 000 |
| Total Expenses  PROFIT |  |  | 193 000 |
|  | $82 000 |
|  |  |

***Required:***

1. The Bank Manager does not think that the above items belong to an Income Statement and suspects that Jackson and Amy have classified the items into the wrong financial statement. The bank manager also believes that the amount of $82 000 does not represent profit. Can you provide at least three reasons to support the Manager’s argument?

1. Using the data from Lorne Hideaway prepare the **Balance Sheet** as at 30 June 2018 and explain what the amount of $82 000 represents.

4 + 6 = 10 marks

## Question 3 Recording and reporting accounting transactions.

In this task you are required to:

1. record the transactions provided in the special journals of a service business. 8m
2. Compose 2 more transactions to include in your journals 2m
3. Post the journals to the ledgers 10m
4. Record the 2 balance day adjustments in the General journal and post to the ledgers. 4m
5. Balance the Ledger accounts and prepare the Trial Balance 5m
6. Prepare Accounting Reports 5m
7. Excel spreadsheet 6m

## Before attempting this task you need to complete the online task on using basic features of Excel Spreadsheet. You then need to construct an electronic accounting system that will to do all tasks A to F

Transactions are provided for Anglesea Segway, a small business that provided Segway tours on the Anglesea Golf Course to see the kangaroos. It charges clients $55 (incl GST) per person for a 1 hour tour.

1/6/2018 Tim Jones started Anglesea Segway and invested 120,000 cash into the business

2/6 He purchased 10 Segways for $11,000 each (incl GST) by cheque Ch No 001.

3/6 He borrowed $60,000 form the Anglesea Bank as a 3 year interest only loan at 10% interest.

12/6 He had his first customers and received $990 cash fee (incl GST) for his services

15/6 He paid Anglesea Golf Club monthly rent of $880 Incl GST (cheque no 2)

17/6 He had 20 customers @ $55 (incl GST) each from Anglesea Aged Care. He sent an invoice (number 2345) to Anglesea Aged Care. He required payment by the end of July.

18/6 Electricity bill for charging the Segways is paid $330 (incl GST)

20/6 Purchased a computer from Harvey Norman for $2200 (inc GST) on credit to allow for online bookings.

21/6 Paid his assistant wages of $200 cash

22/6 ?

26/6 ?

Compose your own transactions for the Segway business on the 22/6 and 26/6.

1. Record the transactions into the appropriate Cash Receipts journal, Cash Payments Journal, Sales/services Journal, Purchases Journal and General Journal using your excel electronic accounting system
2. Total the Special journals and post all journals to the General Ledger accounts.
3. At the 30/6 Tim realises he has some adjustments to make to his records to reflect and true and fair view of his business over the first month of trading.

* Interest owing is $500.
* Wages Owing to his assistant of $50
  1. Record these adjustments in the General Journal at 30/6
  2. Post the entries from the General Journal to the General Ledger (you may need to make up new accounts)

1. Prepare a Trial Balance after the adjustments in Point 3 have been made
2. Prepare an Income Statement for the month and Balance Sheet as at 30 June

## Submit the finished Excel spreadsheet file and the Word file for Q1 and 2 for assessment via Turnitin.